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FM AMEMBASSY LISBON

TO SECSTATE WASHDC NIACT IMMEDIATE 2246

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INFO AMEMBASSY ANKARA PRIORITY

AMEMBASSY ATHENS PRIORITY

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AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY MADRID PRIORITY

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USNMR SHAPE BRUSSELS BEL PRIORITY

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USNMR FOR GENERAL HAIG

EO 11652: GDS

TAGS: PFOR, PINT, PO

SUBJECT: DEMARCHE TO PORTUGUESE

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1. THIS AFTERNOON (MARCH 25) SPENT 45 MINUTES ALONE WITH

PRESIDENT COSTA GOMES. I HAD PROVIDED DEPARTMENT'S TALKING POINTS (WITH SLIGHT MODIFICATIONS DISCUSSED LUKENS/CARLUCCI TELCON) IN WRITING PREVIOUS NIGHT WITH CHIEF OF CABINET WITH REQUEST THAT PRESIDENT BE PREPARED TO DISCUSS THEM. PRESIDENT HAD THEM IN HIS HAND AS I CAME IN. I NEVERTHELESS REVIEWED POINTS ORALLY.

- 2. I PREFACED MY REMARKS BY SAYING THAT PRIME MINISTER'S INTERVIEW WITH SUEDDEUTSCHE ZEITUNG (LISBON 1688) HAD TAKEN PLACE SUBSEQUENT TO MY INSTRUCTIONS AND HAD HELPED TO CLARIFY THE SITUATION. STILL I THOUGHT IT IMPORTANT TO EMPHASIZE SEVERAL ITEMS. WE WERE VERY ENCOURAGED TEN MONTHS AGO WITH THE GOALS OF THE REVOLUTION AND WOULD BE DISAPPOINTED SHOULD PORTUGAL CHANGE FROM A TYRANNY OF THE RIGHT TO A TYRANNY OF THE LEFT. THE COMMUNISTS ARE CLEARLY CONSOLIDATING THEIR POWER. THE NEW GOVERNMENT WILL APPARENTLY HAVE MORE COMMUNIST MEMBERS, AND THAT COULD CHANGE THE GOP'S ORIENTATION TOWARD NATO AND THE WEST. IF SO, THIS WOULD HAVE A PROFOUND EFFECT ON THE VERY NATURE OF THE ALLIANCE AND COULD FUNDAMENTALLY CHANGE PORTUGAL'S RELATIONSHIP WITH ITS ALLIES. THIS WAS A MATTER OF GREAT CONCERN TO U.S.
- 3. I APPRECIATED BOTH THE PRIME MINISTER'S STATEMENT TO SUEDDEUTSCHE ZEITUNG THAT PORTUGAL WANTED TO CONTINUE TO REMAIN A MEMBER OF NATO, AND PREVIOUS REAFFIRMATIONS OF THE GOP'S INTENTION TO ABIDE BY INTERNATIONAL COMMITMENTS, BUT THE STRIDENT ANTI-WESTERN CLIMATE IN PORTUGAL TODAY NECESSARILY RAISED DOUBTS.
- 4. SAID WE ALSO OBJECTED STRONGLY TO ANY INSINUATIONS OR IMPLICATIONS THAT THE USG WAS INVOLVED IN ANY WAY IN ABORTIVE MARCH 11 COUP ATTEMPT OR THAT THE U.S. IS INTERVENING IN INTERNAL AFFAIRS OF PORTUGAL.
- 5. I SAID WE HAD CONSISTENTLY DEMONSTRATED OUR SUPPORT FOR GOALS OF REVOLUTION BOTH IN OUR STATEMENTS AND IN OUR AID PROGRAM. WE ATTACHED PARTICULAR IMPORTANCE TO FORTHCOMING ELECTIONS. IN THIS CONNECTION WE WERE DISTURBED AT VIOLENCE AND INTIMIDATION WHICH SEEMED TO BE TAKING PLACE AND HOPED THE GOVERNMENT WOULD DEAL MORE FIRMLY WITH THIS IN ORDER THAT THE ELECTIONS MIGHT REPRESENT A REAL CHOICE. I CONCLUDED BY CONFIDENTIAL.

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SAYING I FELT SITUATION BETWEEN OUR TWO COUNTRIES HAD BECOME CLOUDED AND NEEDED TO BE CLARIFIED.

6. COSTA GOMES RESPONDED THAT HE DID NOT FIND RELATIONS CLOUDED. BUT IT WAS TRUE THAT EVENTS HAD TAKEN GOVERNMENT MORE TO THE LEFT THAN "HAD BEEN FORESEEN." THIS WAS DUE PRINCIPALLY TO TWO FACTORS: (A) THE DESCRIPTION OF PORTUGAL THAT WAS BEING CONVEYED THROUGHOUT THE WORLD AND (B) THE LACK

OF MATERIAL SUPPORT FOR PORTUGAL FROM ITS ALLIES.

7. COSTA GOMES RECALLED THAT IN HIS CONVERSATION WITH PRESIDENT FORD THE LATTER HAD SAID PORTUGAL MORE IMPORTANT FOR U.S. THAN VIET-NAM. COSTA GOMES HAD AGREED. YET THE WESTERN EFFORT TO HELP PORTUGAL COULD NOT BE COMPARED WITH THAT PUT FORWARD IN VIET-NAM. THE PITY WAS THAT THE TASK HERE WOULD HAVE BEEN MUCH EASIER.

8. THE OVERALL PICTURE OF PORTUGAL BEING PORTRAYED WAS SUCH THAT TOURISTS WERE STAYING AWAY AND COMPANIES WERE WITHDRAWING THEIR INVESTMENTS. YET VERY FEW PERSONS HAD BEEN KILLED. IT WAS TRUE THAT OFFICES OF VARIOUS PARTIES HAVE BEEN DESTROYED, BUT THE ONLY TIME THAT DEATH OCCURRED WAS WHEN THE MILITARY INTERVENED. (THIS WAS PRESUMABLY A RATIONALIZATION FOR ALLOWING A CERTAIN AMOUNT OF VIOLENCE, BUT I DID NOT FIND IT CONVINCING.) NATIONALIZATION OF BANKS HAD TOUCHED OFF ALARM IN WESTERN WORLD, BUT THE WAY THE BANKS HAD MILKED THE PORTUGUESE PEOPLE MADE THIS MEASURE LONG OVERDUE. IN FACT, COSTA GOMES SAID, IF THEY HAD NATIONALIZED BANKS EARLIER LEFTIST DRIFT MIGHT NOT HAVE OCCURRED AS RAPIDLY AS IT HAD.

9.I TOLD HIM BANK NATIONALIZATIONS WERE INTERNAL AFFAIR WHICH I HAD NOT RAISED IN MY DEMARCHE. HE SAID HE APPRECIATED THAT, BUT U.K. AMBASSADOR HAD RAISED IT YESTERDAY. THE FACT IS THAT THE PORTUGUESE CAPITALISTS THINK THE WEST IS BEHIND THEM. I PROTESTED THAT WE HAD DONE NOTHING TO CONVEY THIS IMPRESSION TO THEM. HE AGREED BUT SAID THAT THE IMPRESSION IS THERE NEVER-THELESS, AND IT IS THE "CAPITALISTS" WHO ARE CONVEYING DISTORTED INFORMATION TO WESTERN PRESS.

 $10.\ AS$ FAR AS NATO IS CONCERNED, COSTA GOMES SAID, PORTUGUESE HAVE MORE TO COMPLAIN ABOUT NATO THAN NATO HAS TO COMPLAIN CONFIDENTIAL

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ABOUT THEM. IT IS TRUE THAT GOP HAS NOT BEEN ABLE TO MAINTAIN ITS FORCE COMMITMENTS TO NATO, BUT THIS WAS DUE TO AFRICAN SITUATION. WHEN THAT IS WOUND UP PORTUGAL WILL PUT MORE TROOPS AT DISPOSITION OF NATO. OTHERWISE PORTUGAL HAS MAINTAINED ALL ITS COMMITMENTS TO NATO. CARLUCCI

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC NIACT IMMEDIATE 2247

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11. DESPITE THIS, PORTUGAL FINDS IT CANNOT HAVE ACCESS TO CERTAIN NATO DOCUMENTS, AND THIS HAD CAUSED GREAT UNREST "IN THE BARRACKS." PRESIDENT HAD PERSONALLY ASSURED NATO THAT COMMUNISTS IN GOVERNMENT WOULD NOT HAVE ACCESS TO NUCLEAR INFORMATION. OF COURSE INFILTRATION CAN TAKE PLACE; IT EVEN CONFIDENTIAL

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TAKES PLACE IN THE U.S. BUT PORTUGAL SAW NO REASON, GIVEN PRESIDENT'S GUARANTEES, WHY IT SHOULD NOT PARTICIPATE IN NPG. HE, COSTA GOMES, HAD HAD ACCESS TO NUCLEAR INFORMATION AS

FAR BACK AS 1956. NEVERTHELESS WHEN HE RECEIVED PERSONAL REQUEST THAT PORTUGAL NOT PARTICIPATE, HE VOLUNTARILY WITHDREW AND TOLD HIS OFFICERS THEY NEEDED TO VIEW THIS WITH COMPREHENSION AND PATIENCE.

12. I THEN RAISED QUESTION OF LOCAL PRESS ATTACKS ON U.S. HE COULD HARDLY EXPECT WORLD PRESS TO TAKE AN OBJECTIVE VIEW WHEN JOURNALISTS CAME HERE AND READ CONSTANT ANTI-WESTERN PROPAGANDA IN LOCAL PRESS. I WAS NOT ADVOCATING CENSORSHIP, BUT IT WAS QUITE OBVIOUS THAT THE WORKING PRESS WAS BY AND LARGE COMMUNIST AND WAS CONTRIBUTING TO A DETERIORATION IN THE OVERALL CLIMATE. FURTHERMORE I TOOK STRONG PERSONAL EXCEPTION TO THE OTELO STATEMENT. I HAD CHALLENGED OTELO SUBSEQUENTLY TO MEET WITH ME FACE TO FACE BUT HE HAD NOT RESPONDED

13. PRESIDENT OBVIOUSLY WANTED TO AVOID OTELO SUBJECT, BUT HE DID MAKE NOTE OF MY DESIRE TO MEET OTELO AGAIN (THIS WAS THE ONLY NOTE HE MADE DURING THE CONVERSATION) AND SAID I HAD DONE WELL TO CALL OTELO DIRECTLY ON THE NIGHT OF MARCH 11. AS FAR AS THE PRESS WAS CONCERNED, THERE WERE TWO NEWSPAPERS, DIARIO DE NOTICIAS AND A REPUBLICA THAT COULD NOT BE CONSIDERED COMMUNIST-DOMINATED. BUT HE HAD TO ADMIT THAT THE PRESS WAS VERY FAR TO THE LEFT. THIS WAS DUE TO A LACK OF PROFESSIONALISM -- PORTUGAL HAS NO SCHOOLS OF JOURNALISM -- AND THE FACT THAT THE PRESS HAD BEEN SUPPRESSED FOR YEARS AND WAS EXPLOITING ITS NEW FOUND FREEDOM. IT WAS ALSO CLEAR THAT THERE WAS AN ORGANIZED PROPAGANDA CAMPAIGN AGAINST THE USG AND ME PERSONALLY. BUT THIS HAPPENS IN OTHER COUNTRIES AS WELL, AND HE THOUGHT THE PRESS WOULD GRADUALLY TONE DOWN.

14. AS FAR AS HOSTILITY TO AMERICANS IS CONCERNED HE RECALLED HIS OWN EXPERIENCES IN FRANCE AND ITALY RIGHT AFTER WORLD WAR II. EVEN THOUGH AMERICA WAS HELPING, ANTI-AMERICAN FEELING WAS RAMPANT. ONE OF THE PROBLEMS IS THAT PEOPLE DON'T UNDERSTAND THE U.S. ALL THEY SEE ARE RICH TOURISTS AND SAILORS, AND THESE ARE OUR WORST AMBASSADORS.

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15. I ASKED ABOUT THE FUTURE AND WHAT WE MIGHT DO TO HELP. COSTA GOMES SAID HE THOUGHT THAT PORTUGAL WOULD END UP IN A CALM, NOT A DISTURBED STATE. THE TURBULENCE RIGHT NOW STEMS FROM THE IRRESPONSIBLE FIGHTING BETWEEN POLITICAL PARTIES. BOTH SIDES ENGAGED IN VIOLENCE. IN THE SOUTH WHERE THE COMMUNISTS ARE STRONG THEY ATTACK THE PPD, WHICH RETALIATES IN THE NORTH WHERE IT IS STRONGER. I ASKED IF THIS POSED ANY THREAT TO THE ELECTIONS, ONCE AGAIN UNDERSCORING THE IMPORTANCE WE ATTACH TO THEM. COSTA GOMES SAID GOVERNMENT WAS DETERMINED TO PROCEED AND WOULD DO ITS BEST TO INSURE THAT

VIOLENCE WAS KEPT TO A MINIMUM.

16. THE MOST IMPORTANT THING THE UNITED STATES COULD DO IN THE FUTURE IS TO CONTINUE ITS ECONOMIC AID, HE STATED. HE RECOGNIZED THAT I HAD EXPRESSED CONCERN ABOUT THE DIFFICULTY IN GETTING THE GOP TO RESPOND AND ABOUT LACK OF PREPARED PROJECTS. IT WAS TRUE THAT GOP DID NOT HAVE MANY TECHNICIANS; MOST HAD BEEN IN THE EMPLOY OF THE CAPITALISTS AND HAD FLED AFTER THE REVOLUTION. CONSDQUENTLY HE ATTACHED EVEN GREATER IMPORTANCE TO TECHNICAL ASSISTANCE THAN TO FINANCIAL ASSISTANCE, ALTHOUGH LATTER VERY IMPORTANT.

17. COMMENT: THE CONVERSATION WAS MOST REVEALING IN SHOWING WHAT MOTIVATES THE AFM. COSTA GOMES, ALTHOUGH MORE MODERATE AND FRIENDLIER TO THE U.S., SHARES SOME OF YOUNGER MORE EXTREMIST GROUP'S EMOTIONAL IMPULSES. THEY ALL HATE THE PORTUGUESE "CAPITALISTS" AND ARE DETERMINED TO RID THE COUNTRY OF THEIR INFLUENCE. THE FEELING IS RECIPROCATED BY THE 100 OR 80 ELITE FAMILIES, WHO HAVE BEEN IN A STATE OF PANIC FOR THE PAST ELEVEN MONTHS.

18. ANOTHER CHARACTERISTIC SHARED BY PRESIDENT AND HIS COLLEAGUES IS THIN SKIN REGARDING THE FOREIGN PRESS. COSTA GOMES HAS RAISED THIS BEFORE WITH ME, AND WE HEAR IT CONSTANTLY AT ALL LEVELS. FINALLY, COSTA GOMES BLAMES POLITICAL PARTIES FOR SITUATION, OVERLOOKING DIVISIONS WITHIN MILITARY AND FACT THAT PARTIES HAD LITTLE OR NOTHING TO DO WITH MARCH 11 COUP. IN SHORT, EVERYBODY IS TO BLAME BUT THE AFM AND THE MILITARY. COSTA GOMES DID NOT APPEAR TO BE A MAN IN TROUBLE, BUT HE IS NOT A NERVOUS PERSON BY NATURE. HE DID NOT SEEM PRESSED FOR TIME AND DISCUSSION WAS LIVELY BUT FRIENDLY THROUGHOUT. CONFIDENTIAL

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AS I LEFT HE TOLD ME HE HAD TALKED PARTICULARLY FRANKLY TO ME AND, WHILE HE HAD ACCESS TO STAFF VIEWS, WHAT HE HAD SAID TO ME REPRESENTED HIS OWN PERSONAL OPINION. I READ NO HIDDEN MEANING INTO THIS, SIMPLY A DESIRE ON HIS PART TO REAFFIRM THAT HE HOLDS THE USG IN SPECIAL REGARD.

19. USNATO FOR AMB BRUCE: YOU WILL IMMEDIATELY RECOGNIZE SENSITIVE POINTS IN THIS CONVERSATION. OTHER THAN THESE, THERE NOTHING FROM LISBON POINT OF VIEW WHICH CANNOT BE USED IN BRIEFING YOUR COLLEAGUES. IT SEEMS TO ME THAT COSTA GOMES KNEW HE WAS SPEAKING TO NATO AND HAD A MESSAGE HE WANTED TO DELIVER.

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